



Mary Taylor, CPA
Auditor of State

VILLAGE OF LIMAVILLE
STARK COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Limaville
Stark County
40 North Atwater Avenue
Limaville, Ohio 44640

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 5, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Limaville
Stark County
40 North Atwater Avenue
Limaville, Ohio 44640

To the Village Council:

We have audited the accompanying financial statements of the Village of Limaville, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Limaville, Stark County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

During 2008, the Village changed its Financial Statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 5, 2010

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$13,160		\$13,160
Intergovernmental	5,889	\$5,443	11,332
Charges for Services	1,799		1,799
Fines, Licenses and Permits	870		870
Earnings on Investments	1		1
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	21,719	5,443	27,162
Cash Disbursements:			
Current:			
Security of Persons and Property	600		600
Public Health Services	700		700
Leisure Time Activities	3,146		3,146
Basic Utility Service	3,410		3,410
Transportation	2,300	5,889	8,189
General Government	9,838		9,838
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	19,994	5,889	25,883
Total Receipts Over/(Under) Disbursements	1,725	(446)	1,279
Other Financing Receipts:			
Other Financing Sources	307		307
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	2,032	(446)	1,586
Fund Cash Balances, January 1	3,357	10,919	14,276
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>5,389</u>	<u>\$10,473</u>	<u>\$15,862</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$12,943		\$12,943
Intergovernmental	5,190	\$6,068	11,258
Charges for Services	1,930		1,930
Fines, Licenses and Permits	529		529
Earnings on Investments	37	7	44
Miscellaneous	37		37
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	20,666	6,075	26,741
Cash Disbursements:			
Current:			
Security of Persons and Property	600		600
Public Health Services	980		980
Leisure Time Activities	3,563		3,563
Basic Utility Service	3,452		3,452
Transportation	2,000	8,857	10,857
General Government	13,394		13,394
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,989	8,857	32,846
Total Receipts (Under) Disbursements	(3,323)	(2,782)	(6,105)
Fund Cash Balances, January 1	6,680	13,701	20,381
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$3,357</u>	<u>\$10,919</u>	<u>\$14,276</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Limaville, Stark County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services and maintenance of roads and bridges. The Village contracts with Lexington Township to provide security of persons, and property and fire protection services.

The Village participates in one jointly governed organization, the Stark County Regional Planning Commission and one joint venture, the Ohio Municipal Joint Self-Insurance Pool. Notes 6 and 7 to the financial statements provide additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

During 2007 and 2006, the Village followed the cash basis of accounting. However, its financial statement presentation format and disclosures conformed with generally accepted accounting principles applicable to the cash accounting basis.

During 2009 and 2008, the Village continued to use the cash accounting basis, but revised its financial statement presentation to follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village has no investments. Cash consists of demand deposits.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

2. Equity in Pooled Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand Deposits	15,862	14,276

Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,356	\$22,026	\$670
Special Revenue	6,871	5,443	(1,428)
Total	\$28,227	\$27,469	(\$758)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$24,896	\$19,994	\$4,902
Special Revenue	6,000	5,889	111
Total	\$30,896	\$25,883	\$5,013

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,643	\$20,666	(\$1,977)
Special Revenue	6,871	6,075	(796)
Total	\$29,514	\$26,741	(\$2,773)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,210	\$23,989	\$5,221
Special Revenue	13,000	8,857	4,143
Total	\$42,210	\$32,846	\$9,364

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. Retirement Systems

As of December 31, 2009, all members of the Village Council, the Clerk, and the Mayor have elected to contribute to Social Security. The Village's liability is 6.2% of gross wages paid.

6. Risk Management

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Accumulated deficit	<u>(\$261,787)</u>	<u>(\$471,551)</u>

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Jointly Governed Organizations

Stark County Regional Planning Commission

The Village is associated with the Stark County Regional Planning Commission (the Commission) as a Jointly Governed Organization. The Commission is a statutorily-created political subdivision of the State. The Commission is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Village contributed \$50 in 2009 and 2008 to the Commission.

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Mary Taylor, CPA
Auditor of State

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Limaville
Stark County
40 North Atwater Avenue
Limaville, Ohio 44640

To the Village Council:

We have audited the financial statements of the Village of Limaville, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 5, 2010, wherein we noted during 2008 the Village changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 5, 2010.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 5, 2010

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Transaction Posting

The Village recorded several transactions incorrectly. Incorrect postings identified included the following:

- In 2009, General Fund Intergovernmental revenues were understated by \$3,041 and Street Construction Maintenance & Repair and State Highway Intergovernmental revenues were overstated by \$2,813 and \$228, respectively. These errors occurred because homestead rollback taxes were incorrectly posted to the Special Revenue Funds instead of the General Fund. Adjustments were posted to the financial statements and the Village's ledgers.
- In 2009, the General Fund expenditures were overstated by \$1,230. Per our review of selected vouchers, we noted that certain 2010 expenditures (services) were improperly posted in 2009, rather than in 2010. The adjustments were posted to the financial statements and the Village's ledgers.
- In 2009 and 2008, General Fund property and local taxes and intergovernmental receipts were overstated and understated by \$2,848 and \$2,964, respectively. These errors occurred because homestead rollback and state personal property tax reimbursement receipts were incorrectly recorded as property and local taxes. The reclassifications were posted to the financial statements.
- In 2009 and 2008, General Fund real estate taxes were posted at net instead of gross, therefore receipts and expenditures were understated by \$616 and \$707, respectively.

The Village should exercise due care when posting transactions to help ensure receipts and disbursements are posted to proper accounts. Additionally, Council should review monthly receipt and disbursement activity reports to help ensure transactions are properly classified and consistent with management's expectations. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

Officials Response: We did not receive a response from officials to the findings reported above.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 9.38, 95% of monies received for the community center and 67% of cemetery receipts were not deposited in a timely manner	Yes	
2007-002	Budgetary amounts in the system did not agree to supporting documentation	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF LIMAVILLE

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 12, 2010